EXHIBIT K

THE LEBANESE GOVERNMENT'S FINANCIAL RECOVERY PLAN

— EXECUTIVE SUMMARY —

- *The Lebanese economy is in free fall. An international financial rescue package is urgently needed to backstop the recession and create the conditions for a rebound. In parallel, a quick delivery on long-awaited reform measures is critical to help restore confidence*

- *The international community will provide resources to Lebanon only if the authorities are able to propose and implement a comprehensive reform program that creates the necessary conditions to the rebound (structural reforms) and addresses all the imbalances accumulated over the past decades to eliminate their heavy burden on the economy*

- *The reform program aims at protecting the poorest segments of the population from the dire consequences of the crisis. Extensive social safety nets will be created with the assistance of development partners to provide income support, until Lebanon returns to solid growth and most of its population rises above poverty line*

- *The government budget will be rebalanced through better tax collection, recovery of stolen assets, tax reform aiming at targeting segments of the population with high income to reduce inequalities, enhanced spending efficiency and better public financial management. The quick implementation of the reform of Electricité du Liban (EDL) and other state-owned enterprises will alleviate the burden on the budget while supporting the recovery with more efficiently run utilities to back private entities' development*

- *The public debt will be restructured to restore the government's solvency and create the necessary buffers to protect public finances from future adverse shocks and secure a long period of economic growth*

- *Structural reforms will cover all sectors of the economy to unleash the growth potential, make it sustainable, and create jobs. The fight against corruption will lower the cost of doing business in Lebanon, bring decisive improvement in the business climate, and create favorable conditions for private sector development*

- *Competitiveness will be strongly improved by the adjustment of the Lebanese Pound to the market rate in the near future. The existing dual exchange rate is not suited for the long-term recovery of the Lebanese economy. The government plan is based on an estimation of a rate of 3500 US$/LBP. Mitigating measures will remain in place to protect the poorest segments of the population from inflationary pressures.*

- *The financial system, covering commercial banks and the central bank, will be restructured in a fair way. And since it is understood that external support will not be available to cover past losses, the reform program will be geared toward minimizing the remaining losses in the system in order to boost economic recovery*

B. FOREIGN EXCHANGE POLICY AND BALANCE OF PAYMENTS DYNAMICS

1. EXCHANGE RATE AND MONETARY POLICY

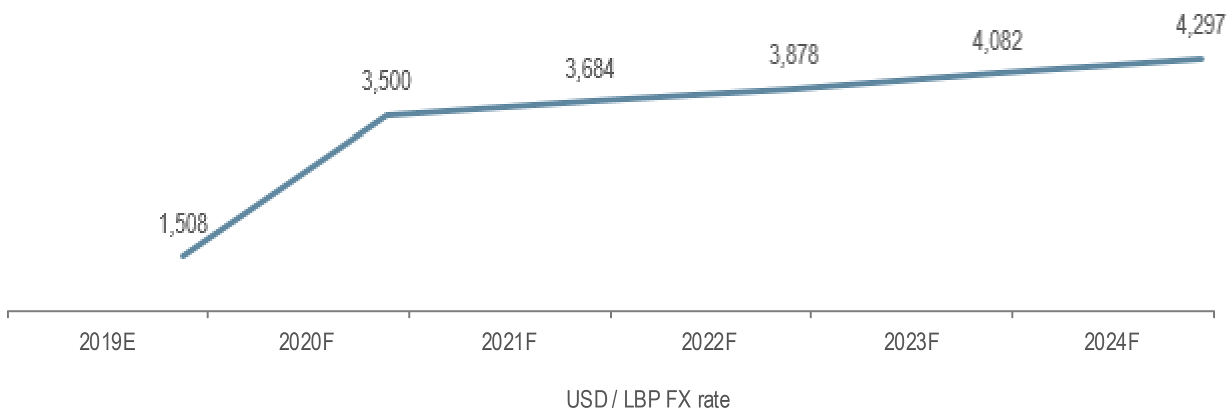
The current sudden-stop in inflows that used to finance large current account deficits in the past now exerts heavy pressure on BdL FX reserves. It forced the introduction of *de facto* capital controls and triggered a continuous depreciation of the pound in the parallel FX market. The signaling of massive money creation through a program of de-dollarisation of the economy by BdL recently exacerbated that trend. The peg to the U.S. dollar that has been maintained over decades is now impossible to restore and must be revamped as part of the Government program. This is all the more necessary because the peg resulted in the building-up of a large real overvaluation of the Lebanese pound that participated in the crowding-out of the industrial sector's development. For years, the lack of competitiveness of the Lebanese companies has prevented the emergence of a productive and diversified economic base in Lebanon and encouraged the consumption of imported goods through artificially inflated purchasing power.

The existing dual exchange rate is not suited for the long-term recovery of the Lebanese economy, because of its distortionary nature and the limited availability of FX resources in the parallel market. The widening gap fueled by recent BdL initiatives between the official rate and the parallel rate– currently around 4100 - is a source of social inequalities and could lead to the emergence of economic rents for accessing the dollar at the official rate, thus prolonging an already inefficient system. Besides, the *de facto* capital controls imposed by the banks are exacerbating the scarcity of FX, thus preventing the emergence of a functioning parallel market and are driving parallel rates to record highs. The parallel market doesn't allow for the development of a balance between FX demand & supply and would put a severe drag on the recovery. It is not suited to provide the sufficient FX resources the economy needs over time to rebound and grow again.

The Lebanese pound will be readjusted in the foreseeable future. It will enhance transparency and improve liquidity in the forex market and send a strong signal in support of the rebalancing of the economy. A depreciated exchange rate will reduce the current account deficit. Combined with structural reforms, it will improve competitiveness, which is essential for boosting production and exports. It will encourage the development of promising sectors, such as IT, manufacturing, agriculture, in addition to Lebanon's traditional sectors such as finance, tourism, and construction. The Government and BdL will continue to pay special attention to priority imports (wheat, medicine, gasoline) and take necessary action to protect the poorest segments of the population.

The exchange rate will be set at a level that will both ensure the return to sustainable current account deficits in the medium term, and the correction of real exchange rate misalignment. The level of the parallel rate is also an important indicator to monitor and will inform the policy decision, bearing in mind that the capital controls, the limited size of current parallel market and the resulting build-up of unmet demand ("backlog") is presumably driving the parallel higher than where it should normally be ("overshooting effect"). Existing studies suggest, depending of the methodology used, a real overvaluation of the Lebanese pound of c. 30% to 60%, the higher bound estimate being assessed as necessary to close the current gap of the balance of payments. With recent events pointing to an acceleration of the REER misalignment, we estimate in this paper that the rate used is reasonable. The government plan is based on this assumption.

Going forward, the government intends to move to a more flexible exchange rate. FX exchange rate will be set in a way to prevent renewed real appreciation and preserve competitiveness (e.g. managed float or crawling peg). BdL will implement an exchange rate policy that will ensure that adjustable FX rate will reflect inflation differential with major currencies. A gradual depreciation of the currency of c. 5% per annum is assumed during the forecasting period. Ultimately, the stability of the new exchange system will result from the successful correction in the current account deficit and structural shifts in the structure of the economy.



Source: Lebanese Authorities

Another pressing issue is the continuation of capital controls. *De facto* capital controls implemented at the level of individual banks are source of unequal treatment of depositors as loopholes remain. The government will take action in the short term to ensure a fairer and more comprehensive implementation of capital controls. Capital controls will remain in place as long as financial stability remains at risk. They will be dismantled over time when the first positive signs of restored confidence will materialize as a result of the devaluation, the flotation of the pound, the restructuring of the financial sector, and the implementation of government's reforms. We assume a gradual lifting starting in 2021. The restoration of depositors' confidence will entail, for an interim period, the acceptance of net deposit outflows as the restoration of free movements of capital will be reaffirmed. It is expected, however, that net positive inflows will resume only over time, contributing to the stabilization of the pound and the re-accumulation of BdL international reserves. It is not expected, however, that deposit inflows will recover to their pre-crisis level as Lebanon will not replicate the failed banking model of the past and transit to a more sustainable structure of the balance of payment.

Finally, monetary policy will seek to control and gradually reduce inflation to lower single digits over the medium term. This will support real incomes and enhance external competitiveness. We expect average inflation to spike in 2020 due to the pass-through effects of the FX devaluation. Going forward, BdL will progressively phase out monetary financing to purchase T-Bills as the recovery takes place and foreign assistance will offer fresh resources to cover the remaining funding needs of the government. Once the economy has stabilized, a new monetary policy framework will be set-up by BdL to focus on monetary base targeting using indirect money market policy instruments. Reserve money will reflect BdL projections of market liquidity consistent with the chosen inflation path. Collaboration between the Ministry of Finance and BdL through the Higher Debt Committee will be strengthened to incorporate